

Comments to Community Reinvestment Act due 7.26.2010

The problem with this area is the lack of knowledge in the local communities that the financial institutions are obligated to loan under the Community Reinvestment Act. This means that the developer/investor has priority over the individual. That developer/investor can be a non-profit corporation, with no clear definition of public-benefit, other than no dividends being issued.

With this type of funding virtually unknown, you state no requirements of education to those areas outside the NSP zones.

No termination date is dangerous and no requirement to keep records for the life of the property under NSP is also dangerous. Dangerous meaning that properties are flipped into market conditions after a long holding period when the program becomes obsolete and no one asks questions.

One project can reap that reward of non-disclosure.

Private funding opportunities, at least in Los Angeles, mean some form of taxpayer funding whether it be State or Local. There is literally no cash equity. Tax credits are considered equity. With high debt, these properties can never be developed or go into foreclosure.

The City of Los Angeles will not release information on applications for taxpayer funded projects, so there is no way to know if the CRA is satisfied. They state that privacy concerns for any Federal Identification Number.

Missing from community development is the analysis of the combination of NSP programs and HOME Investment Partnerships. More development, when above-average no occupancy rates exist, does not satisfy the problem.

We have attended university meetings where developers have said about these areas, such as South Los Angeles, the rich will own and the rest will rent.

There needs to be a plan in place to sell to homeowners to stabilize the market and the geographic area. There needs to be disclosure and true transparency.

Middle class areas such as the San Fernando Valley are incurring high foreclosure rates. This is one of several areas in the City that supports the property tax base for the entire city.

Loss of that base will send cities farther into decline. The purpose of the CRA is to equalize distribution and opportunity for investment. But, in Los Angeles, we see empires, not individuals benefitting and the areas served remaining the same over decade's length of time.

The Land Bank aspect needs to be changed into individual Home Ownership. Non-profit corporations' extreme power in these areas needs to be reined in into viable properties and normal parcel tax bases.

Joyce Dillard